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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/820,876	04/09/2004	Daniel Breen	SSB0005	9271

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KILPATRICK STOCKTON LLP
607 14TH STREET, N.W.
WASHINGTON, DC 20005

EXAMINER

SUBRAMANIAN, NARAYANSWAMY

ART UNIT	PAPER NUMBER
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3692

MAIL DATE	DELIVERY MODE
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07/25/2007

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary

Application No.

10/820,876

Applicant(s)

BREEN ET AL.

Examiner

Narayanswamy Subramanian

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 01 May 2007.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-30 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-30 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

1. This office action is in response to applicants' communication filed on November 13, 2006. Amendments to claims 1, 12, 25 and 28 have been entered. Rejections made under 35 USC 112, second paragraph in the last office action have been withdrawn in view of the amendments. Claims 1-30 are currently pending and have been examined. The rejections and response to arguments are stated below.

Claim Rejections - 35 USC § 103

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

3. Claims 1-30 are rejected under 35 U.S.C. 103(a) as being unpatentable over Marlowe-Noren (US Pub. No. 2004/0193536 A1) in view of Ritchken Reference.

Claim 1, Marlowe-Noren teaches the step of issuing a hybrid security comprising issuing a convertible security and two other instruments related to the convertible security (See Marlowe-Noren Abstract, Paragraphs 18-30). The conversion ratio for the convertible security is interpreted to include 100.

Marlowe-Noren does not explicitly teach the feature of a call spread with the counterparty, comprising the steps of: buying from the counterparty a first call option having a second potential financial benefit the same as the first potential financial benefit; and selling to the counterparty a second call option with a higher strike price than the first call option that when exercised provides

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a third potential financial benefit different from the second potential financial benefit. The limitation of “that when exercised provides a third potential financial benefit different from the second potential financial benefit” is interpreted as intended use of the respective option and hence not given patentable weight.

Ritchken Reference teaches a call spread comprising buying from a counterparty a first call option and selling to the counterparty a second call option with a higher strike price than the first call option (See Ritchken bottom of page 48). Call options that are traded on the exchange enable investors to purchase 100 shares of the underlying instrument. In other words call options that are traded on the exchange provide the same benefit as the convertible security.

Both Ritchken and Marlowe-Noren are concerned with providing a hybrid financial instrument to the user. It would have been obvious to one of ordinary skill in the art to include the teachings of Ritchken to the disclosure of Marlowe-Noren. The combination of disclosures suggests that holders would have benefited from exercising the option without extinguishing the underlying convertible instrument.

Claim 12, Marlowe-Noren teaches the step of issuing a convertible security and two other instruments related to the convertible security (See Marlowe-Noren Abstract, Paragraphs 18-30). The conversion ratio for the convertible security is interpreted to include 100.

Marlowe-Noren does not explicitly teach the feature of issuing a first call option from a first counterparty to the issuer having a second potential financial benefit the same as the first potential financial benefit; and issuing a second call option from the issuer to either the first counterparty or a second counterparty that when exercised provides a third potential financial benefit different from the second potential financial benefit. The limitation of “that when exercised

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provides a third potential financial benefit different from the second potential financial benefit” is interpreted as intended use of the respective option and hence not given patentable weight.

Ritchken Reference teaches a call spread comprising buying from a counterparty a first call option and selling to the counterparty a second call option with a higher strike price than the first call option (See Ritchken bottom of page 48). Call options that are traded on the exchange enable investors to purchase 100 shares of the underlying instrument. In other words call options that are traded on the exchange provide the same benefit as the convertible security.

Both Ritchken and Marlowe-Noren are concerned with providing a hybrid financial instrument to the user. It would have been obvious to one of ordinary skill in the art to include the teachings of Ritchken to the disclosure of Marlowe-Noren. The combination of disclosures suggests that holders would have benefited from exercising the option without extinguishing the underlying convertible instrument.

Claim 28, Marlowe-Noren teaches a method for performing a financial transaction, the method comprising the steps of: issuing from the issuer to the investor the convertible security providing a first potential financial benefit, wherein the convertible security is convertible into a first predetermined number of units of an underlying security and buying by an issuer from the first counterparty, with at least a portion of the proceeds from the issuance of the convertible security, a second financial instrument upon the occurrence of a first predetermined event; and (See Marlowe-Noren Abstract, Figure 2, Paragraphs 18-30). The conversion ratio for the convertible security is interpreted to include 100.

Marlowe-Noren does not explicitly teach the feature of the second financial instrument being a call option and selling by an issuer, simultaneous to the buying of the first call option, to

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the second counterparty the second call option with a higher strike price than the first call option that when exercised provides a third potential financial benefit different from the second potential financial benefit, wherein the second call option exercisable to purchase a third predetermined number of units of the underlying security upon the occurrence of a second predetermined event. However, the limitation “that when exercised provides a third potential financial benefit different from the second potential financial benefit, wherein the second call option exercisable to purchase a third predetermined number of units of the underlying security upon the occurrence of a second predetermined event” is interpreted as intended use of the respective option and hence not given patentable weight. This limitation does not affect the steps of buying a call option by an issuer from the first counterparty and selling by an issuer, simultaneous to the buying of the first call option, to the second counterparty the second call option with a higher strike price than the first call option.

Ritchken Reference teaches a call spread comprising buying from a counterparty a first call option and selling to the counterparty a second call option with a higher strike price than the first call option (See Ritchken bottom of page 48). Call options that are traded on the exchange enable investors to purchase 100 shares of the underlying instrument. In other words call options that are traded on the exchange provide the same benefit as the convertible security.

Both Ritchken and Marlowe-Noren are concerned with providing a hybrid financial instrument to the user. It would have been obvious to one of ordinary skill in the art to include the teachings of Ritchken to the disclosure of Marlowe-Noren. The combination of disclosures suggests that holders would have benefited from exercising the option without extinguishing the underlying convertible instrument.

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Claims 2-11, 13-27 and 29-30, the features in these claims are either disclosed in the combined disclosure of Ritchken and Marlowe-Noren or are old and well known in the art. Combining the features of derivative instruments with traditional instruments like convertible bonds/preferred stocks makes the offering more attractive to the investors compared to traditional straight offering and it also provides tax advantages to the issuer. Hence it would have been obvious to include these features to the combined disclosures of Marlowe-Noren and Ritchken.

Response to Arguments

4. Applicant's arguments with respect to pending claims have been considered but are moot in view of the new ground(s) of rejection.

Conclusion

5. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dr. Narayanswamy Subramanian whose telephone number is (571) 272-6751. The examiner can normally be reached Monday-Thursday from 8:30 AM to 7:00 PM. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached at (571) 272-6783. The fax number for Formal or Official faxes and Draft to the Patent Office is (571) 273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PMR or Public PAIR. Status information for unpublished applications is available through Private PMR only. For more information about the PMR

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system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

A handwritten signature in black ink, appearing to read "N. Sub", followed by a horizontal line.

Dr. N. Subramanian

Primary Examiner

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July 23, 2007